



Ministry of Energy & Mines and Ministry of Provincial Revenue

BC-25
SUMMER DRILLING CREDIT APPLICATION

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Company Submitted By A1

Well Authorization A2 Direct Costs Incurred B1

Table with 3 columns: Name (optional) C1, Client Code C2, Percentage C3. Title: Producers' Proportionate Interest

Contact Name A3

**BC-25 Schedule**

<u>Category</u>	<u>Amount Spent</u>	<u>Estimated Percentage of Dollars Paid to B.C. Companies</u>
<b>Predrill and Planning:</b> Examples: lease acquisition, licence fees, surveying, planning and programs.	\$ _____	% _____
<b>Construction:</b> Examples: engineering construction for lease and lease road, lease maintenance and cleanup, standby equipment, supervision and lease reclamation.	\$ _____	% _____
<b>Rig Contract:</b> Examples: rig moves, rig tear-out labour, daywork, crew subsistence, transportation, standby and trucking.	\$ _____	% _____
<b>Rentals:</b> Examples: wellsite trailers, sump pumps, surface equipment, solids control equipment, high speed mixer, tank rental and camps.	\$ _____	% _____
<b>Services and Supplies:</b> Examples: bits, downhole tool rentals, mud and chemicals, logging, drill stem tests, cores cut, electric logging, environmental cleanup, safety, directional drilling services, trucking and hauling, fluid hauling, vacuum truck and disposal, welding, waste management, inspection and repair.	\$ _____	% _____
<b>Casing and Cementing:</b> Examples: casing, attachments and accessories, tongs, cement and cement plug logging.	\$ _____	% _____
<b>Supervision and Administration:</b> Examples: drilling supervisor, well site geologist, insurance and communications.	\$ _____	% _____
<b>Completion and Testing:</b> Examples: wellhead, tubing, packers, plugs, retainers, service rig, hauling and trucking, vacuum truck, water disposal, completion fluids and chemicals, surface and downhole equipment rentals, cased hole logs, perforating, logging, supervision, inspection and safety.	\$ _____	% _____
<b>TOTAL</b>	\$ _____	

## REPORT COMPLETION GUIDELINES

### 6.17 SUMMER DRILLING CREDIT APPLICATION (BC-25)

#### PURPOSE AND TIMING

The BC25 is used to apply for a non-refundable royalty credit to offset the direct goods and service costs incurred for drilling a new oil or gas well outside of the peak drilling period. The spud date of the new well must be after June 30, 2003 and before December 1, 2003, after March 31, 2004 and before December 1, 2004 or after March 31, 2005 and before December 1, 2005. The BC25 must be received by the Mineral, Oil and Gas Revenue Branch by June 30 of the calendar year following the calendar year in which the well was spudded.

The BC25 application includes a section where the well operator can direct that a percentage of the royalty credit be assigned to other companies. This percentage is called the well's proportionate interest and the percentages shown on the BC25 must sum to 100. The BC25 will be processed in the Royalty Management System (RMS) and a report will be generated for each company with a proportionate interest in the well. This report will show the companies' royalty credit for the well. The Branch will email these RMS reports to these companies as soon as possible after receipt of the BC25 form. The royalty credit(s) for the well will be recorded on the next client statements.

#### PROCEDURES FOR CLAIMING THE SUMMER DRILLING CREDIT

The Summer Drilling Credit can be claimed on the BC15 Remittance Advice as soon as the company has received the RMS report that shows the credit for the particular well. This credit can be claimed to reduce the royalty payment for all wells that the royalty payor would apply payment.

#### GENERAL INFORMATION

- A1 Company Submitted by** Enter the full name of the well licensee.
- A2 Well Authorization (W.A)** Enter the five digit W.A. code assigned by the Oil and Gas Commission.
- A3 Contact Name** Enter the name of the person responsible for completion and submission of this BC-25.

#### DIRECT COSTS OF DRILLING THE WELL

- B1 Direct Costs Incurred** Enter the total of the goods and services costs incurred in the drilling and completion of the well. For reference as to which costs are allowable, see the BC25 Schedule. Note that overhead and costs that relate to the well being brought onto production are not allowable drilling and completion costs.

## REPORT COMPLETION GUIDELINES

### PRODUCERS' PROPORTIONATE INTEREST

- C1 Name (Optional field)** Enter the full name of the producer designated in C2.
- C2 Client Code** Enter the 4 digit client code of the producer to be assigned all or part of the summer drilling credit for the well.
- C3 Percentage** Enter the percentage share of the royalty credit to be assigned to the producer. The sum of the percentages must equal 100 percent.

### BC-25 SCHEDULE

The BC-25 schedule groups the costs of predrill and planning for the well through to its costs of completion and testing into eight categories. The BC-25 schedule has examples of each type of cost to be included in each category. The amount spent for each category is to be reported on the BC-25 schedule. The estimated percentage of dollars paid to B.C. companies is to be shown.